

## OREGON FARM ECONOMY - 2001

Cash receipts for Oregon farms remained flat in 2001, while production expenses increased 4%. At \$728 million, the cost of agricultural labor is once again the single highest expense to Oregon farmers (page 11). Oregon's net total farm income of \$277 million was down from the 2000 level, which had taken a jump following three straight years of decline.

The absolute level of net farm income per farm, at \$6,925, may seem low. Part of the reason for this is the official definition of a farm, which is any place from which \$1,000 or more agricultural products were produced and sold, or normally would have been sold, during the calendar year. The \$1,000 level has not changed since 1974, so there is a significant difference between real and nominal dollars.

Consider that for the last Census of Agriculture (1997), the number of farms with sales below \$10,000 accounted for almost 62% of Oregon's total farms. However, those numerous but smaller farms accounted for less than 2% of the total value of sales.

Modest increases in cash receipts came from a rebound in milk and hay prices and from continued growth in the Christmas tree and nursery products industries. Decreases were led by a decline in cattle marketings.

Total government program payments retreated from the spike in 2000 back down closer to 1999 levels. However, the flat cash receipts, not lower government payments, were most responsible for 2001 gross farm income staying nearly the same in 2001 as 2000.

The 4% increase in farm assets (pg. 11) was driven by increases in real estate values. Farm debt held steady. Debt/equity and debt/asset ratios improved slightly.

Since a significant part of Oregon's farm gate value comes from exports, the state's agricultural economy is also influenced by global factors, such as the Asian recession and the high value of the U.S. dollar. The value of Oregon's agricultural exports (page 6) dipped in fiscal year 2001, which ended September 30, 2001, to \$610 million, from \$649 million the previous year.

### Gross and net income from farming: Oregon, 1997-2001

Item	1997	1998	1999	2000	2001
	<i>Million dollars</i>	<i>Million dollars</i>	<i>Million dollars</i>	<i>Million dollars</i>	<i>Million dollars</i>
Cash receipts from farm marketings	3,195.5	2,967.9	2,998.8	3,132.9	3,133.8
Government payments	63.5	100.7	105.6	137.4	104.9
Farm related income <sup>1/</sup>	421.1	360.1	404.0	382.4	373.0
Non-money income <sup>2/</sup>	258.0	262.7	265.3	268.6	271.9
Value of inventory adjustments	13.3	21.8	(43.1)	(58.4)	(14.9)
Gross farm income total	3,951.4	3,713.2	3,730.6	3,862.9	3,868.7
Production expenses total	3,317.0	3,209.4	3,394.2	3,445.6	3,591.7
Net total farm Income	634.4	503.8	336.4	417.3	277.0
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>
Net farm income per farm	16,267	12,754	8,306	10,433	6,925
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Rate of return from current income <sup>3/</sup>	3.69	2.83	1.81	2.20	1.41

<sup>1/</sup> Includes machine hire/custom work, farm forest product sales and other farm business-related income.

<sup>2/</sup> Includes value of home consumption and rental value of operator's hired laborers' dwellings.

<sup>3/</sup> Returns to operators from net farm income divided by total assets (operator's capital investment).

Source: U.S. Department of Agriculture, Economic Research Service, State Financial Summary. [http:// www.ers.usda.gov/Data](http://www.ers.usda.gov/Data)